



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NOV - 4 1999

NMSF-080669
3162.3-2 (07100)

Burlington Resources
Attn. Peggy Cole
P.O. Box 4289
Farmington, New Mexico 87499

Re: San Juan 27-4 No. 16A
NWNW 17-27N-4W
Lease No. SF-080669
Rio Arriba Co., NM

Dear Ms. Cole:

Reference is made to your proposal to use fixed allocation factors for the commingled gas and oil production in the above referenced well. After reviewing the production history for the Mesaverde and Pictured Cliffs formations, we agree with the allocation factors as proposed. As such, you are hereby authorized to use fixed allocation factors as outlined below:

| <u>Formation</u> | <u>Gas</u> | <u>Oil</u> |
|------------------|------------|------------|
| Mesaverde | 79% | 100% |
| Dakota | 21% | 0% |

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

Joe Hewitt

Joe Hewitt

Acting Team Leader, Petroleum Management Team

cc:

NMOCD, Santa Fe
NMOCD, Aztec